

Message Text

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ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 AGR-10 /034 R

DRAFTED BY OPIC/PA:TSEDLAR:PLD

APPROVED BY EB/IFD/OIA:RJSMITH

OPIC/PA:RJORDAN

OPIC/F:PCOUNTS

OPIC/GC:CFLIPMAN

EB/IFD/OIA:DHSTEBBING

ARA/CEN:MBOVA

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R 132053Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE

UNCLAS STATE 138990

E.O. 11652: N/A

TAGS: EINV, CS

SUBJECT: SIGNING OPIC/TAYLOR ASSOC. LOAN

1. AMBASSADOR TODMAN BRINGING COPIES OF LOAN AGREEMENT AND HAS DELEGATION OF AUTHORITY TO SIGN FOR OPIC. SUGGEST THAT SIGNING CEREMONY BE SCHEDULED FOR JUNE 17 OR 18, WHEN OPIC BOARD MEMBER DR. ALLIE FELDER WILL BE IN SAN JOSE AND CAN ATTEND. REQUEST THAT PICTURES OF SIGNING BE TAKEN AND FORWARDED SOONEST TO OPIC PUBLIC AFFAIRS OFFICE FOR USE IN TOPICS. PLEASE CONFIRM RECEIPT DELEGATION OF AUTHORITY.

2. IF DATES SUGGESTED ARE NOT CONVENIENT, EMBASSY IS REQUESTED TO EXECUTE AGREEMENT AT ANY DATE PRIOR TO JUNE 30. PLEASE DISCUSS WITH TAYLOR REPRESENTATIVE AND OPIC LAWYER PACHECO AND NOTIFY OPIC OF DECISION.

3. FELDER SCHEDULE CAN BE CHECKED WITH LUIS MENCHANCA AT INFOCOOP, TELEPHONE 233832 OR 231076.

4. FOLLOWING IS SUGGESTED PRESS RELEASE TO BE DISSEMINATED UNCLASSIFIED

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BY EMBASSY THE DAY OF SIGNING. SIMILAR RELEASE WILL BE FORWARDED TO PRESS HERE WHEN WE ARE INFORMED THAT SIGNING HAS TAKEN PLACE.

5. TITLE: OPIC ISSUES 1.5 MILLION DOLLAR AGRIBUSINESS LOAN FOR COSTA RICAN PROJECT, SAN JOSE, COSTA RICA, JUNE () - - TERENCE A. TODMAN, UNITED STATES AMBASSADOR TO COSTA RICA, HAS SIGNED AN AGREEMENT AUTHORIZING A 1.5 MILLION DOLLAR LOAN FROM THE OVERSEAS PRIVATE INVESTMENT CORPORATION FOR THE ESTABLISHMENT OF A VEGETABLE PROCESSING PLANT, FRIGORIFICOS, S.A. DR. ALLIE FELDER OF THE OPIC BOARD OF DIRECTORS WAS PRESENT AT THE SIGNING.

6. OPIC IS A FEDERAL AGENCY WHICH MAKES LOANS TO COMPANIES PARTLY OWNED BY U.S. FIRMS IN DEVELOPING COUNTRIES. THE AGENCY ALSO PROVIDES INSURANCE AGAINST POLITICAL RISKS. ALTHOUGH OPIC SUPPORTS A WIDE VARIETY OF INVESTMENTS IN MORE THAN 80 DEVELOPING COUNTRIES, THE AGENCY IS PLACING INCREASED EMPHASIS ON INVESTMENTS WHICH CONTRIBUTE TO AN INCREASE IN FOOD SUPPLY OR IMPROVE FOOD PROCESSING, STORAGE AND DISTRIBUTION.

7. THE FRIGORIFICOS IS OWNED BY TAYLOR ASSOCIATES, A JOINT VENTURE, LAUNCHED BY BUSINESSMEN FROM COSTA RICA AND THE UNITED STATES. THE COMPANY WILL CONTRACT WITH LOCAL FARMERS TO RAISE VEGETABLES ON CURRENTLY IDLE LAND, CONSTRUCT A PLANT TO PROCESS THE VEGETABLES, AND EXPORT THE FINAL PRODUCE. MOST OF THE EXPORTS WILL BE SENT TO THE UNITED STATES, WHERE THEY WILL HELP TO EASE CURRENT VEGETABLE SHORTAGES AND TO STABILIZE CONSUMER PRICES.

8. THE PROJECT IS EXPECTED TO BENEFIT COSTA RICA IN SEVERAL IMPORTANT WAYS. BY CREATING A NEW MARKET FOR LOCAL VEGETABLES, IT WILL ENCOURAGE DEVELOPMENT OF UNDERUTILIZED FARMLAND AND BOOST THE INCOME OF SMALL FARMERS, WHILE THE EXPORTS WILL PROVIDE SIGNIFICANT FOREIGN EXCHANGE EARNINGS FOR THE COUNTRY. IN ADDITION, THE PROJECT WILL DIRECTLY EMPLOY 450 COSTA RICANS AND INDIRECTLY CREATE 6500 JOBS IN THE FIELDS OF AGRICULTURE, TRANSPORTATION, PROCESSING PLANT SERVICES, AND PACKAGING MATERIAL PRODUCTION.

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9. THE PROJECT WILL GENERATE OTHER BENEFITS AS WELL. SINCE THE COMPANY'S FOOD EXPORTS WILL BE LARGELY DIRECTED TO THE UNITED STATES, THE PROCESSING INVOLVED MUST MEET DEPARTMENT OF AGRICULTURE STANDARDS, AND THIS WILL REQUIRE

THE TRANSFER OF TECHNOLOGY AND A TECHNICAL TRAINING PROGRAM WHICH WILL HAVE A WIDESPREAD EFFECT ON COSTA RICAN FOOD PROCESSING INDUSTRY. IN ADDITION, THE COMPANY HAS CONSTRUCTED REFRIGERATION FACILITIES WITH THE CAPACITY TO STORE FOUR MILLION POUNDS OF LOCALLY PRODUCED MEAT, POULTRY SEAFOOD AND VEGETABLES. SINCE THESE FACILITIES WILL BE OPEN TO ALL COSTA RICAN FOOD CONCERNS, THEY WILL REDUCE FOOD SPOILAGE IN THE COUNTRY, THUS INCREASING THE FOOD

SUPPLY AND HELPING TO CONTROL CONSUMER PRICES.

10. BOTH TAYLOR ASSOCIATES AND THE GOVERNMENT OF COSTA RICA WILL OFFER EXTENSIVE ASSISTANCE TO THE FARMERS WHOSE PRODUCE WILL BE SOLD TO TAYLOR. THE COMPANY IS INITIATING AN EQUIPMENT LEASING PROGRAM, ESTABLISHING A SERIES OF CROP PRE-PAYMENTS DURING VARIOUS PHASES OF FOOD PRODUCTION, CONSTRUCTING A WAREHOUSE FOR MASS STORAGE OF FARM SUPPLIES, SELLING SEEDS AND FERTILIZER, AND PROVIDING CONTINUING TECHNICAL ADVICE.

11. THE COSTA RICAN GOVERNMENT'S EXPORT PROMOTION CENTER IS ACTING AS LIAISON BETWEEN THE COMPANY AND THE FARMERS, AND IS ALSO OFFERING INSURANCE AGAINST CROP FAILURES.

12. TAYLOR ASSOCIATES PLANS TO EXPERIMENT WITH THE RAISING OF CROPS NOT NATIVE TO COSTA RICA, AN INNOVATION WHICH COULD SIGNIFICANTLY DIVERSIFY THE COUNTRY'S AGRICULTURE. PRESENT PLANS CALL FOR PRODUCTION OF BROCCOLI, BRUSSEL SPROUTS, COCONUTS, OKRA, ONIONS, PEPPERS AND PINEAPPLES. KISSINGER

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